



March 30, 2016

Via E-Mail and Federal Express

Ms. Elizabeth A. Rolando
Chief Clerk
Illinois Commerce Commission
527 East Capitol Avenue
Springfield, Illinois 62701

Dear Ms. Rolando:

On behalf of Northern Illinois Gas Company d/b/a Nicor Gas Company ("Nicor Gas" or the "Company"), please find enclosed the Company's 2015 Natural Gas Performance Report in compliance with Section 5-111 of the Public Utilities Act, 220 ILCS 5/5-111.

An original and four copies of this submission are enclosed. The original and two copies are enclosed for submission to the Chief Clerk of the Illinois Commerce Commission ("Commission"). One additional copy of this submission is enclosed for delivery to Mr. Matthew Smith, Interim Pipeline Safety Manager in the Safety and Reliability Division of the Commission. The final copy of this submission is enclosed for your convenience in acknowledging its receipt and should be returned in the enclosed postage-paid envelope.

Please contact me if you have any questions. Thank you for your assistance.

Sincerely,

A handwritten signature in blue ink that reads 'Anne W. Mitchell'. The signature is fluid and cursive, with the first letters of the first and last names being capitalized and prominent.

Anne W. Mitchell
Counsel for Northern Illinois Gas Company
d/b/a Nicor Gas Company

Enclosures

cc: Matthew Smith (via e-mail)
Michelle Nelson (via e-mail)
Lewis Binswanger (via e-mail)
Patrick Whiteside (via e-mail)

2015 Natural Gas Performance Report



IN COMPLIANCE WITH SECTION 5-111 OF THE PUBLIC UTILITIES ACT - NATURAL GAS PERFORMANCE REPORTING

Company Background

As the largest natural gas distributor in Illinois, Nicor Gas ensures that natural gas – an American, abundant, affordable, and clean energy source – reaches more than 2.2 million homes and businesses throughout Northern Illinois.

In order to deliver this service, Nicor Gas operates more than 34,000 miles of distribution system that is connected to seven interstate pipelines and one intrastate pipeline. We also own and operate one of the largest natural gas aquifer storage systems in North America, with eight natural gas storage fields.

Our team of more than 2,000 employees constructs, operates, maintains and inspects our system to ensure that natural gas flows safely and reliably to our customers each day. While much has changed about Nicor Gas over the past 150 years, some very important things have remained the same – including making the safety of our people, our pipeline, and the public at the heart of everything that we do.

As a company, we are committed to investing in programs and initiatives that invigorate the economy, enrich the community, enhance diversity, promote education and support environmental stewardship. Nicor Gas is part of the fabric of this region and we are proud to give back to the communities where we live, work, and raise our families.

2015 Performance Results/Jobs Attributable and 2016 Performance Goals

1. The number of emergency calls with response times exceeding both 30 minutes and 60 minutes and the number of emergency calls in which the utility stopped the flow of natural gas on the system or appropriately vented natural gas in a time exceeding both 60 minutes and 90 minutes.

Emergency Calls – Gas Leak or Odor Response

Nicor Gas responded to 89,669 emergency calls in 2015. This number represents all emergency odor and leak calls, including unusual conditions such as airborne odors and flood conditions. The 2015 average overall response time was 30.80 minutes and our 60-minute response rate was 94.7 percent, with 4,721 calls exceeding 60 minutes. Nicor Gas experienced an unusual number of airborne odor calls, which adversely affected 2015 emergency response results. If airborne incidents were excluded, our 2015 emergency response results would be in line with our target of 30 minutes on average and 95.5 percent within an hour. Nicor Gas continues to make the safety of the public a priority and continues to make every effort to respond to emergency situations in as timely a manner as possible.

Nicor Gas Emergency Response				
Year	Number of emergency calls	Number of calls where response was within 60 mins	Response within 60 minutes	Average response (in mins)
2015	89,669	84,948	94.7%	30.80
2014	98,347	94,108	95.7%	30.02
2013	91,503	87,833	96.0%	29.46
2012	88,284	84,881	96.2%	29.16
2011	88,736	86,007	96.9%	28.10
Nicor Gas' goal is to average a 60-minute response 95.5 percent of the time or better and an overall response averaging 30 minutes or less. Response time is recorded from the time an odor or leak is reported to the time a company first responder arrives on scene.				

Nicor Gas' 2016 goal is to continue to respond to emergency situations as soon as possible, with a target of 30 minutes or less on average. With our goal to respond to a minimum of 95.5 percent of leaks received within an hour, we position ourselves to accomplish this average response time despite factors that may adversely affect our response times, including rush-hour and train traffic, large geographical territory, and airborne odor situations where we require a positive response to each call.

Emergency Calls – Excavation Damage

In 2015, we had 2,017 incidents involving a release of natural gas. Of these incidents, there were 1,229 instances where Nicor Gas stopped the flow of natural gas in a time exceeding 60 minutes and 976 instances that exceeded 90 minutes. We measure our response from the time the emergency order is reported until the time natural gas is recorded off.

In 2016, our goal is to maintain or improve performance over the previous year.

The 806 jobs attributed to this performance metric include Nicor Gas employees in Operations, Resource Management, and the Contact Center.

2. The number of incidents of damage per thousand gas facility locate requests to the utility's pipeline facilities resulting from utility error and the number of incidents of damage per thousand gas facility locate requests to the utility's pipeline facilities resulting from the fault of third parties.

In 2015, Nicor Gas processed nearly 14 percent more facility locate requests when compared to 2014. A total of 967,554 natural gas facility locates were processed, 116,752 more than in 2014. The total number of utility fault damages, where Nicor Gas or its locating contractor were determined to be at fault, was 702, or 0.73 hits per thousand. The total excavation damage incidents where a third-party excavator was determined to be at fault was 1,745, or 1.80 hits per thousand, an improvement over 2014.

Nicor Gas Locating Performance					
Year	Total Number of Locates	Utility Fault Per Thousand	Total Utility Fault Damages	Third-Party Fault Per Thousand	Total Third-Party Fault Damages
2015	967,554	0.73	702	1.80	1,745
2014	850,802	0.60	509	2.20	1,873
2013	726,288	0.50	366	2.60	1,887
Nicor Gas' 2015 goal was a utility fault ratio of 0.50 per thousand or better and third-party fault ratio of 2.60 per thousand or better. Utility fault includes both Nicor Gas and its locating contractor.					

Several factors contributed to utility fault damages throughout 2015. The increase of more than 240,000 facility locate requests over the last two years resulted in an increased need for new hires, raising the percentage of inexperienced field personnel by nearly 20 percent. We have taken early action to address what will be a multi-year plan to improve preparedness and engagement should increases in locate volumes continue to rise at unprecedented rates.

In 2016, Nicor Gas has plans in place to improve overall quality performance. Nicor Gas' contractor has staffed an additional 92 dedicated locators during the winter months to better prepare for the dig season and has designated an audit schedule to track and monitor new hires. Nicor Gas will also continue engaging with stakeholders, reporting potential violators of the one-call network and offering education and excavator outreach seminars to continue to improve third-party damage ratios.

Nicor Gas' 2016 performance target is to remain flat to our previous years' targets, with a utility fault ratio of 0.50 per thousand or better and third-party fault ratio of 2.60 per thousand or better. The company is committed to achieving and sustaining these results.

The 250 jobs attributed to this performance metric include Nicor Gas employees in Asset Protection and Resource Management, as well as our locating contractors and support staff to supervise and assist these employees.

3. The number of scheduled cathodic protection readings below -0.850 volts.

In 2015, Nicor Gas conducted 63,636 cathodic protection readings. Of the total read, 4,872 indicated initial readings below -0.850 volts. Verification and troubleshooting reduced this number to 153. Nicor Gas performs annual corrosion reads, and down controls are remediated before the next read cycle. In 2015, we remediated 4,719 reads that were below -0.850, including some that were identified in 2014.

Nicor Gas Cathodic Protection Readings				
Year	Total Keypoints	Down Keypoints Initial Read	Down Keypoints Last Read	Number of Corrected Controls
2015	63,636	4,872	153	4,719
2014	63,598	2,916	499	2,417
2013	64,724	2,126	966	1,160
In 2015, we included down reads that were found by Meter Reading that were researched and cleared by Corrosion Department personnel. These were not included in 2013 and 2014 reports – we recorded only down reads that were found by our Corrosion Department.				

Our goal is to provide appropriate levels of cathodic protection to our metallic pipes, and when down controls are identified we remediate them to restore appropriate levels of protection. In 2016, based on a three-year average of down reads, we anticipate approximately 500 cathodic protection readings below -0.850 volts.

The 24 jobs attributed to this performance metric include Nicor Gas employees in Corrosion Control and Meter Reading (only the portion of time meter readers spend on this particular activity).

4. The number of service lines that were inactive for over three years and not disconnected from a source of supply.

In 2015, Nicor Gas addressed 1,681 inactive services. At year-end there were 962 inactive services greater than three years where there was no customer of record and the service was not disconnected at the main. This represents less than .047 percent of Nicor Gas' total number of services (about 2.03 million).

Nicor Gas' 2016 goal is to reduce the number of inactive services to 500. The ultimate goal is to have no inactive accounts reach three years.

The 12 jobs attributed to this performance metric include Nicor Gas employees in Field Operations (only the portion of time they spend on this particular activity) and support staff to supervise and assist these employees.

5. The number of difficult to locate services replaced.

In 2015, Nicor Gas replaced 12 natural gas services that were identified as being difficult to locate.

In 2016, we project that fewer than 10 services will be replaced due to being difficult to locate.

The two jobs attributed to this performance metric include Nicor Gas employees in Asset Protection, Resource Management, and Field Operations (only the portion of time Field Operations employees spend on this particular activity).

6. The number of remotely-readable cathodic protection devices.

In 2015, Nicor Gas had 149 remotely-readable cathodic protection devices on our system. Of these, 142 are rectifiers and seven are bonds. Rectifiers and bonds are read each month. Remotely-read devices are installed to increase operating efficiencies by reducing travel times to obtain reads.

In 2016, our goal is to install 34 new remotely-readable cathodic protection devices, bringing our total number of devices to 183.

The one job attributed to this performance metric includes a Nicor Gas Corrosion clerk who checks and records data from the remote devices, and a contractor service that maintains the remote devices on a website (only the portion of time they spend on this particular activity).

7. The miles of main and numbers of services replaced that were constructed of cast iron, wrought iron, ductile iron, unprotected coated steel, unprotected bare steel, mechanically coupled steel, copper, Cellulose Acetate Butyrate (CAB) plastic, pre-1973 DuPont Aldyl "A" polyethylene, PVC, or other types of materials identified by a State or federal governmental agency as being prone to leakage.

In 2015, Nicor Gas replaced 99 miles of distribution main and 31,554 natural gas services that were constructed of materials identified by a state or federal governmental agency as being prone to leakage. In accordance with regulations of the Pipeline and Hazardous Materials Safety Administration, Nicor Gas developed and implemented a Distribution Integrity Management Program addressing, among other things, identifying threats, evaluating and ranking risks, and identifying and implementing measures to address risks. We prioritize the removal of mains and services constructed of materials that are prone to leakage according to this program.

In 2016, Nicor Gas plans to replace approximately 81 miles of distribution main and approximately 30,500 natural gas services constructed of materials identified by a state or federal governmental agency as being prone to leakage.

The 223 jobs attributed to this performance metric include Nicor Gas employees in Field Operations, contractors, and support staff to supervise and assist these employees.

8. The number of miles of transmission facilities on which maximum allowable operating pressures have been established.

At the time of design and installation, Nicor Gas established maximum allowable operating pressures (MAOP) on all of its transmission facilities. As of 2015, 822.08 miles or 70.9 percent of Nicor Gas' 1,158.74 miles of transmission facilities have been validated via records review. This includes records for Class 1 and 2 locations not in a high consequence area (HCA). Records for Class 1 and 2 locations not in a HCA are not required in Part Q of Form PHMSA F 7100.2-1 Annual Report for Calendar Year 2015 Natural or Other Gas Transmission and Gathering Systems.

Our 2016 goal is to continue to validate MAOP on our transmission facilities and refine existing plans to determine the best method for validating remaining facilities.

The 36 jobs attributed to this performance metric include Nicor Gas employees in Storage and Transmission Integrity, GIS and Asset Data, Engineering Design, and Engineering.

9. The number of miles of transmission facilities equipped with remotely controlled shut-off valve capability.

Nicor Gas began the process of installing remotely controlled shut-off valves (RCV) on its transmission system in 2013, positioning the company with the ability to remotely isolate segments of its transmission pipeline.

The process involves several steps, beginning with the installation of RCV hardware at each local valve site. This is followed by the installation of check valves, and finally, the configuration, testing and incorporation into the company's SCADA system. In 2013, 27 RCV hardware devices were installed at the local valve sites. In 2015, check valves were installed and electrical work for the configuration and incorporation into the SCADA system began. While we had intended to complete the work on the 27 RCVs in 2015, we encountered construction challenges.

In 2016, we will complete the work on the 27 RCVs, which will protect 39.44 miles of transmission facilities. The locations of these valves were selected by giving priority to HCA and Class 3 segments of our system. We will also continue to evaluate our system and further develop a long-term plan for installing additional RCVs with a continued focus on HCA and Class 3 segments of the system.

The three jobs attributed to this performance metric include Nicor Gas employees in System Operations and contractor resources to install check valves and run electricity to the valve sites.

10. The value in dollars of contracts in force with minority-owned, female-owned, and qualified service-disabled veteran-owned businesses.

In 2015, Nicor Gas had more than \$120 million in contracts in force with minority-owned, female-owned and qualified service-disabled veteran-owned businesses, including both first- and second-tier spend. This represents a 170 percent increase when compared with 2014, where contracts with minority-owned, female-owned and qualified service-disabled veteran-owned businesses totaled just over \$50 million.

In 2016, our goal is to have approximately \$135 million in contracts in force with minority-owned, female-owned, and qualified service-disabled veteran-owned businesses, a nearly 13 percent increase over 2015.

For more information about Nicor Gas' Supplier Diversity Program, you may view a copy of *Nicor Gas' 2015 Supplier Diversity Report* on the Illinois Commerce Commission's website under the "Annual Utility Report on Work Performed by Minority, Women, Veteran-Owned and Small Business Enterprise," which will be posted on or about April 15, 2016.

The 33 jobs attributed to this performance metric include Nicor Gas employees in Supplier Diversity, Strategic Sourcing, Transactional Procurement, and Supply Chain. Additionally, employee hours from the following areas were captured for the portion of time they spend on this particular activity: Legal, Government Relations, Corporate Communications, Finance, Tax, and Risk Management.

Appendix 1: *2015 Nicor Gas Natural Gas Performance Report*

2015 Nicor Gas Natural Gas Performance Report

in compliance with Sec. 5-111 of the Public Utilities Act - Natural Gas Performance Reporting



	Required Under	(A) 2015 Sec. (b)(c)	(B) 2014 Sec. (c)	(C) Year-Over- Year Change (A) - (B)	2015 Goal	Jobs Attributed Sec. (c)	2016 Goal Sec. (d)
EMERGENCY CALLS - GAS LEAK OR ODOR RESPONSE							
Number of emergency calls with response times exceeding 30 minutes	(b)(1)	35,785	40,154	(4,369)	Maintain or improve over previous year		Maintain or improve over previous year
Number of emergency calls with response times exceeding 60 minutes	(b)(1)	4,721 (5.27%)	4,239 (4.3%)	0.97%	4.5% or lower		4.5% or lower
EMERGENCY CALLS - EXCAVATION DAMAGE							
Number of emergency calls in which the utility stopped the flow of natural gas on the system or appropriately vented natural gas:							
in a time exceeding 60 minutes	(b)(1)	1,229	972*	N/A	Maintain or improve over previous year		Maintain or improve over previous year
in a time exceeding 90 minutes	(b)(1)	976	717*	N/A	Maintain or improve over previous year		Maintain or improve over previous year
Total Jobs Attributed to Emergency Calls	Sec. (c)					806	

* Represents May-Dec data only following system change implementation to track this metric.

2015 Nicor Gas Natural Gas Performance Report

in compliance with Sec. 5-111 of the Public Utilities Act - Natural Gas Performance Reporting



Required Under	(A) 2015 Sec. (b)(c)	(B) 2014 Sec. (c)	(C) Year-Over- Year Change (A) - (B)	2015 Goal	Jobs Attributed Sec. (c)	2016 Goal Sec. (d)
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LOCATING PERFORMANCE

Number of incidents of damage per thousand gas facility locate requests to the utility's pipeline facilities resulting from:

Utility error	(b)(2)	0.73	0.60	0.13	0.50		0.50
The fault of third parties	(b)(2)	1.80	2.20	(0.40)	2.60		2.60
Total Jobs Attributed to Locating Performance	Sec. (c)					250	

OTHER

Number of scheduled cathodic protection readings below -0.850 volts	(b)(3)	153	499	(346)	1,000	24	500
Number of service lines that were inactive for over 3 years and not disconnected from a source of supply	(b)(4)	962	1,007	(45)	500	12	500
Number of difficult to locate services replaced	(b)(5)	12	15*	(3)	10	2	10
Number of remotely-readable cathodic protection devices	(b)(6)	149	138	11	148	1	183

* Represents May-Dec data only following system change implementation to track this metric.

2015 Nicor Gas Natural Gas Performance Report

in compliance with Sec. 5-111 of the Public Utilities Act - Natural Gas Performance Reporting



Required Under	(A) 2015 Sec. (b)(c)	(B) 2014 Sec. (c)	(C) Year-Over- Year Change (A) - (B)	2015 Goal	Jobs Attributed Sec. (c)	2016 Goal Sec. (d)
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MAIN REPLACED

Miles of main replaced that were constructed of:

Cast Iron	(b)(7)	78	32	46	75		48
Wrought Iron	(b)(7)	N/A	N/A	N/A	N/A		N/A
Ductile Iron	(b)(7)	N/A	N/A	N/A	N/A		N/A
Unprotected Coated Steel	(b)(7)	N/A	N/A	N/A	N/A		N/A
Protected/Unprotected Bare Steel	(b)(7)	21	16	5	45		28
Mechanically Coupled Steel	(b)(7)	N/A	N/A	N/A	N/A		N/A
Copper	(b)(7)	N/A	N/A	N/A	N/A		N/A
Cellulose Acetate Butyrate (CAB) Plastic	(b)(7)	N/A	N/A	N/A	N/A		N/A
Pre-1973 DuPont Aldyl "A" Polyethylene	(b)(7)	0	0	0	0		5
PVC	(b)(7)	N/A	N/A	N/A	N/A		N/A
Other types of materials identified by a state or federal government agency as being prone to leakage	(b)(7)	N/A	N/A	N/A	N/A		N/A

2015 Nicor Gas Natural Gas Performance Report

in compliance with Sec. 5-111 of the Public Utilities Act - Natural Gas Performance Reporting



	(A) 2015 Sec. (b)(c)	(B) 2014 Sec. (c)	(C) Year-Over- Year Change (A) - (B)	2015 Goal	Jobs Attributed Sec. (c)	2016 Goal Sec. (d)
Required Under						

SERVICES REPLACED

Numbers of services replaced that were constructed of:

Cast Iron	(b)(7)	N/A	N/A	N/A	N/A		N/A
Wrought Iron	(b)(7)	N/A	N/A	N/A	N/A		N/A
Ductile Iron	(b)(7)	N/A	N/A	N/A	N/A		N/A
Unprotected Coated Steel	(b)(7)	N/A	N/A	N/A	N/A		N/A
Protected/Unprotected Bare Steel	(b)(7)	16,966	6,912	10,054	16,800		18,100
Mechanically Coupled Steel	(b)(7)	N/A	N/A	N/A	N/A		N/A
Copper	(b)(7)	14,588	5,486	9,102	15,000		12,200
Cellulose Acetate Butyrate (CAB) Plastic	(b)(7)	N/A	N/A	N/A	N/A		N/A
Pre-1973 DuPont Aldyl "A" Polyethylene	(b)(7)	0	0	0	0		190
PVC	(b)(7)	N/A	N/A	N/A	N/A		N/A
Other types of materials identified by a state or federal government agency as being prone to leakage	(b)(7)	N/A	N/A	N/A	N/A		N/A
Total Jobs Attributed to Miles of Main and Services Replaced	Sec. (c)					223	

TRANSMISSION

Number of miles of transmission facilities on which maximum allowable operating pressures have been established	(b)(8)	822.08	796.17	25.91	Continue to validate MAOP and refine plans	36	Continue to validate MAOP and refine plans
Number of miles of transmission facilities equipped with remotely controlled shut-off valve capability	(b)(9)	0	0	0	39.44	3	39.44

2015 Nicor Gas Natural Gas Performance Report

in compliance with Sec. 5-111 of the Public Utilities Act - Natural Gas Performance Reporting



Required Under	(A) 2015 Sec. (b)(c)	(B) 2014 Sec. (c)	(C) Year-Over- Year Change (A) - (B)	2015 Goal	Jobs Attributed Sec. (c)	2016 Goal Sec. (d)
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DIVERSITY OF CONTRACTING

Value in dollars of contracts in force with:

Minority Owned businesses	(b)(10)	\$58,872,592	\$24,515,576	\$34,357,016	\$36,700,000		\$66,300,000
Female Owned businesses	(b)(10)	\$53,978,960	\$24,413,586	\$29,565,374	\$32,200,000		\$60,700,000
Qualified Service-Disabled Veteran-Owned businesses	(b)(10)	\$7,549,355	\$1,614,706	\$5,934,649	\$2,400,000		\$8,300,000
Total Jobs Attributed to Diversity of Contracting	Sec. (c)					33	

STATE OF ILLINOIS)
)
COUNTY OF DUPAGE)

VERIFICATION

I, Patrick E. Whiteside, Vice President, Nicor Gas Business Support for Northern Illinois Gas Company d/b/a Nicor Gas Company, being first duly sworn, hereby state that I have read the foregoing natural gas performance report; that to the best of my knowledge, information, and belief, all statements of fact contained in the said report are true, and the said report is a correct statement of the business and affairs of Northern Illinois Gas Company d/b/a Nicor Gas Company in respect to each and every matter set forth therein during the period from and including January 1, 2015, to and including December 31, 2015.



Patrick E. Whiteside

Subscribed and sworn to before me
this 23rd day of March, 2016.



Notary Public

